

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of City of Mequon to Abandon
Water Utility Service and Transfer Its Utility Assets
to Wisconsin Gas Company and of Wisconsin Gas
Company to Acquire Said Assets and Provide Water
Utility Service to Mequon Water Utility Customers

6650-WB-100

**NOTICE OF INVESTIGATION, HEARING,
AND ASSESSMENT OF COSTS**

Wisconsin Gas Company (WGC) filed an application with the Public Service Commission (Commission) on April 16, 1998, for authority pursuant to ss. 196.01, 196.02, 196.49, 196.80, 196.81, and 66.07 Stats., and ch. PSC 184, and ss. PSC 2.71 and 2.72, Wis. Adm. Code, to acquire water production and distribution facilities, and operate as the water public utility for the limited area of the City of Mequon Water Utility, formerly known as the LeMont Water Utility which was privately owned. The service area boundaries are shown in the attachment.

The water system was originally installed in the 1960's. In 1988 there were growing concerns over the LeMont Utility's service in general and over its water supply quantity and quality. The Commission and the Department of Natural Resources investigated. In 1992 the City of Mequon (City) was required to extend water service to the LeMont service area. The City acquired the system and became the operating utility with the service area boundaries being limited to those of the original LeMont system.

The proposal is for WGC to purchase these water utility assets at an approximate price of \$600,000 subject to closing adjustments. No water system changes are proposed. There is not expected to be any change in service quality, service eligibility, or water rates at this time. It is WGC's intent to make a Lake Michigan water source of supply available in the future.

The purpose of the hearing in this docket is to receive public comments on the proposed water utility acquisition and establish the record for the Commission to decide whether the public convenience and necessity requires this acquisition by WGC and whether the provision of water utility service by WGC would be in the public interest.

NOTICE IS HEREBY GIVEN that the Commission will investigate this matter and hold a public hearing on Tuesday, June 16, 1998, at 1:30 p.m. and 7:00 p.m. in the lower level conference room of the Public Safety Building, 11300 North Buntrock Avenue, which is off of Mequon Road, Mequon, Wisconsin. Customers may call Harry Kohlman at (414) 242-3100 for further details on the location of the hearing room. This room is accessible to people in wheelchairs.

NOTICE IS FURTHER GIVEN that this matter is deemed to be a Class 1 proceeding. See s. 227.01(3)(a), Stats.

This is a Type III action under s. PSC 4.10 (3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under s. 1.11, Stats., nor an environmental assessment is required.

NOTICE IS FURTHER GIVEN that the Commission deems it necessary in order to carry out its duties herein to investigate the books, accounts, practices, and activities of WGC, as a water public utility. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such investigation will be assessed against and collected from WGC, as a water public utility, in accordance with the provisions of s. 196.85, Stats., and ch. PSC 5, Wis. Adm. Code.

If there are any questions about the hearing in this matter, please contact Nancy Anthony, Examining Division at (608) 266-1261.

Other questions concerning this matter should be directed to Peter Feneht, P.E., Division of Water, Compliance and Consumer Affairs at (608) 266-5614. Rate questions regarding this matter may be directed to Thomas McDonald at (608) 266-7236.

Dated at Madison, Wisconsin _____

For the Commission.

Joyce A. Narveson, Administrator
Division of Water, Compliance and Consumer Affairs

JAN:PKF:w:\notice\WGC-Acquire Water System/ssa

Attachment